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Mirror, Mirror on the wall who's the richest of them all?

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OTHER THAN companies linked to government agencies, cash-rich Malaysian entities consist of mainly family-run companies.

It can be difficult estimating how cash-rich a company is. Our list provides both cash balances - which includes liquid assets - and short-term liabilities. To come out with a fair assessment, all companies that have interests in financial institutions have been omitted. Similarly, companies with strong cash positions but equally large short-term borrowings have also been left out.

The YTL Group, founded by the Yeoh family, heads the list of companies with the most cash in its kitty. YTL Corporation Bhd, its flagship, has RM3.7 billion in cash and bank deposits as of financial year ended June 2000.

The bulk of the cash in the YTL Group comes from its subsidiary, YTL Power International Bhd. YTL Power, one of the leading independent power producers (IPPs) in the country, is sitting on a cash balance of RM3.1 billion and has short-term loans amounting to RM125.5 million. Tan Sri Francis Yeoh, the managing director and son of founder Tan Sri Yeoh Tiong Lay, has added a new dimension to what started off as a construction company. Armed with a war chest of cash resources, the younger Yeoh is staking a claim on the nation's energy supply industry. In its bid to increase power generation capacity, YTL Power is bidding for Tenaga Nasional Bhd's (TNB's) 40 per cent stake in its Pasir Gudang power plant.

The price for the stake is unknown as yet but it will be much lower than the RM1 billion that Malakoff Bhd is paying for a 40 per cent stake in TNB's Kapar plant. In the event that YTL Power does succeed in its bid for the Pasir Gudang plant, coughing out cash in the process, the YTL Group still stands to be the richest local company.

Besides the YTL Group, other family-owned companies with strong cash positions include Tan Sri Lim Goh Tong's Genting Group, Oriental Holdings which brought fame and fortune to its founder, the late Tan Sri Loh Boon Siew, and the late Tan Sri Lee Loy Seng's Kuala Lumpur Kepong Bhd (KLK).

Stripping out cash balances that are included by virtue of cross holdings, the Genting Group is estimated to be sitting on cash resources of close to RM1.5 billion. Individually, Genting Bhd has a cash balance of RM1.4 billion while its subsidiary, Resorts World Bhd, has RM474 million in its books.

However, the group, particularly Resorts World, will need all the cash it can lay its hands on to participate in associate Star Cruises Plc's fund-raising exercise. The cruise liner is making a cash call to help fund its US\$ 1.1 billion acquisition of Norwegian cruise liner, NCL Holdings Asa Ltd.

The Penang-based Oriental, which is well-known for its monopoly of the Honda range of vehicles, is sitting pretty on a cash pile of RM1.2 billion against short-term borrowings and obligations of RM390.7 million. The company, now run by one of the daughters of the late Loh, is said to be contemplating listing some of its subsidiaries. If that happens, it will further add to its cash coffers.

Palm oil prices may be going through a rough patch but that has not affected the financial health of the country's premier plantation counter, KLK. Datuk Lee Oi Hian now runs the company that was founded by his

father, Loy Seng. During the 1998 downturn, KLK was the blue chip much sought after by foreign funds because of its plantation hectareage and also its cash resources that enabled it to earn significant interest income. As of September 1999, the company was sitting on cash and bank deposits of RM518.6 million, a 17 per cent improvement, compared to the RM442.3 million registered in 1998.

Among companies that are backed by government agencies, Malaysian International Shipping Corporation Bhd (MISC) has the biggest cash pile with RM1.64 billion for the 15-month ended March 31, 2000. MISC, which underwent a restructuring in late 1998, following the entry of Petronas as its majority shareholder in place of Transmile Bhd's Mirzan Mahathir, recorded a 66 per cent rise in cash balances from RM984 million registered as of Dec 31, 1998. It is not clear how the additional RM600 million flowed into the coffers of MISC within 15 months.

After MISC comes Sime Darby Bhd and Perusahaan Otomobil Nasional Bhd (Proton) with cash balances of RM1.6 billion and RM1.5 billion respectively. Sime Darby, which recently announced plans to de-list two foreign subsidiaries, will need to cough out RM560 million to buy out the minorities in the two subsidiaries.

Proton, which Petronas has acquired from the DRB-Hicom Group, is expected to use a portion of its cash resources to acquire Edaran Otomobil Nasional Bhd (EON). The deal has long been delayed as both Proton and the DRB-Hicom Group are unable to come to terms with the acquisition price.

Telekom Malaysia Bhd (Telekom) is also sitting on more than a billion ringgit in cash but the company will need some of it for capital expansion in the competitive telecommunications industry.

The 'cleanest' cash-rich company is without doubt Malaysian Tobacco Company Bhd (MTC) which has RM794 million as of December 1999. MTC is basically a cash-rich shell after selling off its business to Rothmans of Pall Mall (M) Bhd for RM769.5 million in 1998. However, the bulk of the money is being utilised to acquire two companies with water privatisation and toll road concessions. The companies being injected into MTC belong to former Perlis Menteri Besar Tan Sri Dr Abdul Hamid Pawanteh and his business partner Datuk Lim Ah Bak.

Sarawak Enterprise Bhd, which previously used to be managed by the Multi-Purpose Group, is also sitting on a healthy cash position with balances of RM461 million. The management of the company is now in the hands of the Sarawak State Government. In a bid to diversify its earnings from the electricity supply industry, Sarawak Enterprise may use its cash resources to acquire an electronics chip manufacturing company.

Malaysia Airports Bhd has a healthy cash balance of RM439.4 million as of December 1999 but how much of it will be left is uncertain as the company embarks on an ambitious RM1-billion project to build the National Exhibition and Convention Centre in Subang.

Malaysian Mining Corporation Bhd (MMC) is yet another example. It is sitting on a cash pile of RM633 million, but after acquiring Malakoff, another cash-rich company, MMC is proposing to acquire the Port of Tanjung Pelepas. At the end of the day, analysts expect MMC to be in a net debt position.

But the same cannot be said of cash-rich family-owned companies. Come this year, their pockets may just become fuller.

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